

SECRET

SAPC-2987

Copy 1 of 5

16 December 1955

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Supplemental Agreement No. 1 to  
Contract No. SC-21-54 with the Perkin-Elmer  
Corporation - Project AQUATONE (Octroi)

1. Contract No. SC-21-54 was executed on 5 May 1955 and was in the amount of \$5,085,000. The contract was let for the design and production of Photographic Equipment necessary for subject project. The format of the contract was a redeterminable fixed price. The contract work included a sub-contract with Hycon Manufacturing Company in the amount of \$3,161,090.

2. At the time of execution of Contract No. SC-21-54 it was recognized that certain aspects of the Ground Support Equipment could not be contracted for since the nature and quantity of such equipment had not been finalized. Accordingly this aspect of the procurement was left for subsequent negotiation after further study of such requirements.

3. Subsequently Letter Contract for Change Order No. 1 to Contract No. SC-21-55, effective 23 June 1955, was issued in the amount of \$100,000 which directed the Contractor to proceed with a further study and analysis of the requirements of the Government for Ground Support Equipment, to proceed with the design of those items and components which were firm, and to proceed with manufacture and installation of those items which were definitely required by the Government.

4. Again on 21 September 1955, by Amendment No. 1 to Letter Contract for Change Order No. 1, Contract No. SC-21-55, on the basis of a new proposal by the Contractor (dated 1 September 1955) an additional \$150,000 was obligated against the need for this Ground Support Equipment.

5. The Contractor's last proposal with respect to Ground Support Equipment is his proposal of 14 November 1955. The program set forth in this proposal was acceptable to the Government and constitutes the primary basis for Supplemental Agreement No 1 to Contract No. SC-21-55, which will incorporate and replace the Letter Contract for Change Order No. 1 and the Amendment No. 1 to said Letter Contract for Change Order No. 1.

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6. Supplemental Agreement No. 1 to Contract No. SC-21-54 is in the amount of \$316,021. Total procurement to date, therefore, for the Photographic Equipment and related Ground Support Equipment will be the original amount of \$5,085,000, plus this \$316,012, or a total of \$5,401,012.

7. The new amount needed to supplement Contract No. SC-21-54 consists of the following increments:

a. Ground Support Equipment (Domestic site and overseas bases).....	\$276,275
b. Film marking devices (new item) .....	20,413
	Sub-total
	\$296,688
c. Items deleted from original contract	(4,084)
	\$292,604
d. Contractor's G&A on this procurement	8,778
	\$301,382
e. Contractor's profit on this procurement	14,630
	\$316,012

Note: All of the above work is being done by Hycon Manufacturing Company under sub-contract with the Contractor. Sub-contractor's G&A profit is included in the figure of \$292,604.

8. By memorandum dated 23 September 1955, in amendment of his memorandum dated 2 January 1955, the Director of Central Intelligence advised the Comptroller that in accordance with the provisions of Section 10(b) of Public Law 110, 81st Congress, a sum not to exceed \$6,000,000 (\$5,500,000 FY-55 and \$500,000 FY-56) is available for procurement under Project OCTROI.

9. As a result of executing this Supplemental Agreement No. 1 the amounts obligated by fiscal years will be as follows:

FY-55	- - - -	\$5,185,000
FY-56	- - - -	216,012
Total		\$5,401,012

10. It is anticipated that some additional procurement will be required under Contract No. SC-21-54 to satisfy existing requirements. Such procurement action cannot be undertaken at this time since the design of the "C" camera is not completed and additional Ground Support Equipment for the "C" camera must await the completion of design. In addition, in the event additional quantities of the Photographic Equipment now under procurement are needed, additional funds would have to be provided to the Contractor by subsequent Supplemental Agreements.

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11. The present contract price of \$5,401,012 (after execution of Supplemental Agreement No. 1) is the target price and the actual final price may be less than or greater than this amount. Provision must be made in the Fiscal Year 1957 budget for possible overrun of the contract price, unless cost experience within the next few months conclusively indicates that the stated contract target price will not be exceeded.

12. It is recommended that Supplemental Agreement No. 1 to Contract No. SC-21-54 be executed on behalf of the Agency by the authorized Contracting Officer.

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Contracting Officer

CONCURRENCE:

[Redacted Signature Box]

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General Counsel

*Funds Available*

[Redacted Signature Box]

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Comptroller

*12/20/55*

APPROVED:

[Redacted Signature Box]

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RICHARD M. BISSELL, JR.  
SAPC/ Project Director

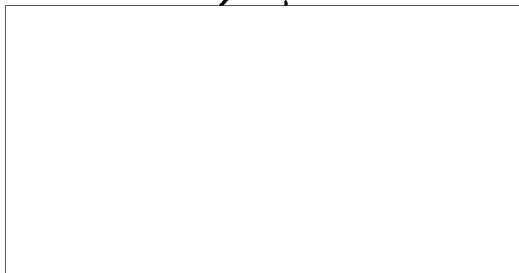
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22 December 1955

Received on Dec 22, 1955 copy of Supplemental  
Agreement No. 1 to Contract No. SC-21-54.



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*File - Receipts Folder - master (Paper to Action contract)*